

**IN THE CHANCERY COURT FOR DAVIDSON COUNTY, TENNESSEE  
TWENTIETH JUDICIAL DISTRICT**

STATE OF TENNESSEE, ex rel.	)	
ANNE B. POPE,	)	
	)	
Petitioner,	)	
	)	
v.	)	No: 01-3206-III
	)	
TENNESSEE COORDINATED	)	
CARE NETWORK,	)	
MEDICAL CARE MANAGEMENT	)	
COMPANY, and	)	
ACCESS HEALTH SYSTEMS, INC.	)	
Respondents.	)	

**MOTION TO FIX COMPENSATION OF SPECIAL DEPUTY  
LIQUIDATORS, CONSULTANTS, AND SPECIAL COUNSEL**

Petitioner Anne B. Pope, Commissioner of the Department of Commerce and Insurance for the State of Tennessee (“Commissioner”), and Special Deputy Liquidator Courtney Pearre move this Court, pursuant to Tenn. Code Ann. § 56-9-310(a)(5) for entry of an Order to fix the reasonable compensation of the Special Deputy Liquidators, consultants, and special counsel who have been selected to assist the Commissioner and the Special Deputy Liquidators in the liquidation of Tennessee Coordinated Care Network (“TCCN”).

As demonstrated by the attached Affidavit, the Commissioner has appointed Courtney N. Pearre, Esq. as the primary Special Deputy Liquidator of TCCN, and he will be compensated at the rate of \$185 per hour. Eva C. Madison has been selected as the Special Deputy Liquidator of TCCN, to assist Mr. Pearre. Ms. Madison will be compensated at the rate of \$135 per hour.

The Commissioner has retained Paula A. Flowers, Esq. of the law firm of Farmer & Luna, PLLC to serve as Special Counsel in the liquidation of TCCN, along with such attorneys of the law firm of Waller Lansden Dortch & Davis, PLLC as may be necessary. Special Counsel to the liquidation will be compensated at a rate of \$135 per hour, and paralegals will be compensated their customary hourly rate.

Special Deputy Liquidator Courtney N. Pearre has identified and retained the following accountants, actuaries, and consultants to assist in the liquidation proceeding:

- **Sterling Consulting Group, Inc.** (“Sterling”) provided accounting support to the supervision of TCCN between May 10, 2000 and November 1, 2001. Sterling will continue to provide accounting and statutory reporting support to the liquidation and provide additional assistance as requested by the Special Deputy Liquidator. Sterling’s hourly rate for services performed during supervision of TCCN was \$125, and Sterling will continue to provide services at this rate during liquidation;

- **Cynthia Harris** will provide financial and information technology support to the liquidation at a rate of \$75 per hour. Ms. Harris was formerly an examiner with the Tennessee Department of Commerce and Insurance, and has provided financial and information technology support to the supervision of TCCN since May, 2000. Ms. Harris will provide support for the administration of claims filed with TCCN, production of claims payment check runs, accounting support, and such other support as requested by the Special Deputy Liquidator;
- **Doris Doney** will provide financial support to the liquidation at a rate of \$65 per hour. Ms. Doney was previously an employee of Medical Care Management Company, providing accounting and claims support. Ms. Doney will provide accounting and statutory reporting support to the liquidation, production of claims payment check runs, and other assistance as requested by the Special Deputy Liquidator;
- **Tony Butler** will provide information technology services at a rate of \$100 per hour. Mr. Butler was previously an employee of Medical Care Management Company, providing information technology support;
- **Tennessee Receiver’s Office** will provide administrative support to the liquidation, including supervision of claims operations, document management and litigation support, liquidation personnel and vendor administrative services, and accounting services at varying rates, depending on the personnel performing such services;
- **ACS State Healthcare, LLC** will provide electronic data interchange services to allow TCCN’s medical provider creditors to file their claims electronically for review by the Liquidator. ACS State Healthcare, LLC will charge an implementation fee of \$5000 to restore computer code to its systems, and charge the liquidation for processing of electronic claims on a tiered schedule, all of which are comparable with rates charged for similar services to other healthcare clients:

<u>Number of Claims Submitted</u>	<u>Price</u>
1 – 25,000	\$ 0.38/ claim
25,001 – 50,000	\$0.35/claim
50,000 – up	\$0.30/claim

- **Synertech Health System Solutions, LLC** will provide computerized adjudication of all claims submitted by medical providers for services provided to Access. .MedPLUS enrollees prior to October 20, 2001.<sup>1</sup> Synertech is a private consultant who was previously assisting Medical Care Management Company in developing a new claims processing system for TCCN’s use. Synertech will be compensated as follows:

Synertech has been paid a one-time fee of \$369,385.42 for maintenance of the existing TCCN claims system for the period between seizure and liquidation, which is to be memorialized by an amendment to the existing contract.

Synertech will be paid \$125 per hour to reconfigure their current claims processing system to support the liquidation process, with a total maximum reconfiguration cost of \$125,000.

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<sup>1</sup> On October 20, 2001 all TennCare enrollees previously serviced by Access. .MedPLUS were transferred to the TennCare Select Program, administered by Blue Cross Blue Shield due to the cancellation of TCCN’s Contractor Risk Agreement with the State of Tennessee’s TennCare Program.

Synertech will be paid \$600,000 per month for the adjudication of medical claims received by the liquidation. If more than 1,200,000 claims are received for adjudication, Synertech will be paid \$1.50 per claim additionally, but in no event will Synertech be paid more than \$4,046,000.

Synertech will provide these services at a rate which is less than the rate previously paid monthly by Medical Care Management Company for similar services. Other consultants were contacted and provided estimates of the cost for such services, but Synertech's rate is less than would have been charged by other consultants, with the added benefit that no start-up time is necessary because Synertech already has TCCN provider contracts, enrollee eligibility, and other necessary information loaded into their claims system.

- **Pershing Yoakley & Associates, P.C.** will provide claims processing support services including information service support and claims reconciliation support. These services will be provided at varying hourly rates, most of which will not exceed \$200 per hour;
- **Schaller Anderson of Arizona** will provide quality assurance monitoring for claims processed by Synertech on an as-needed basis, as was provided during the supervision of TCCN. Key terms of the contract with Schaller Anderson have been agreed upon and are consistent with terms and conditions utilized for the services that Schaller Anderson provided during supervision. The final contract will be submitted for court approval upon its execution;
- **Reden & Anders** will provide actuarial support services to determine amounts due to TCCN under the "risk band" provisions of TCCN's contract with the State of Tennessee. Reden & Anders provided actuarial support services to the State during the supervision of TCCN. Key terms of the contract with Reden & Anders have been agreed upon and are consistent with terms and conditions utilized for the services that Reden & Anders provided during supervision. The final contract will be submitted for court approval upon its execution;
- **Samantha Israel** will provide claims system information technology and claim processing support at a rate of \$55 per hour. Ms. Israel was previously an employee of Medical Care Management Company, providing information system and claims support; and
- **Betty Tyree** will provide claim processing and information technology support, along with subrogation payment processing at a rate of \$55 per hour. Ms. Israel was previously an employee of Medical Care Management Company, providing information system and claims support.

In selecting and retaining these professionals the Commissioner and Special Deputy Liquidator Courtney N. Pearre have been mindful to apply the principles of the "California Test" espoused by the Tennessee Court of Appeals in: State v. Xantus Healthplan of Tennessee, Inc., 2000 WL 630858 (Tenn. Ct. App. May 17, 2000) (copy attached). In support of this Motion, the Affidavit of Courtney N. Pearre with supporting exhibits is submitted herewith.

Respectfully submitted,

Paula A. Flowers

Paula A. Flowers, #19082

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*Special Counsel for Commissioner Pope and*

*Special Deputy Liquidator Courtney Pearre*

**THIS MOTION IS SET TO BE HEARD ON FRIDAY, MARCH 8, 2002 AT 9:00 A.M. OR AS SOON THEREAFTER AS IT MAY BE HEARD. IF NO RESPONSE IS TIMELY FILED AND SERVED, THE MOTION SHALL BE GRANTED WITHOUT FURTHER HEARING.**

**CERTIFICATE OF SERVICE**

I certify that a true and exact copy of the foregoing has been mailed, first-class, postage prepaid, on this 22nd day of February, 2002 to the following:

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A courtesy copy of the foregoing has been mailed, first-class, postage prepaid, on this 22nd day of February, 2002 to the following counsel for *amicus curiae*:

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